

Message Text

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PAGE 01 CARACA 04036 221712Z
ACTION SS-25

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C O N F I D E N T I A L CARACAS 4036
EXDIS
EO 11652 GDS
TAGS: EGEN CIEC
SUBJ: PEREZ GUERRERO'S VIEWS ON CIEC
REF: STATE 87802

1. ON APR 21, I MET WITH MINISTER OF STATE FOR
INTERNATIONAL ECONOMIC AFFAIRS PEREZ GUERRERO AT
HIS REQUEST FOR A FINAL REVIEW OF NORTH-SOUTH ISSUES
PRIOR TO HIS DEPARTURE FOR PARIS ON APR 23.

2. THE MINISTER EXPRESSED HIS HOPE THAT THE FORTHCOMING
CIEC MEETINGS WILL MAKE "REAL" PROGRESS. HE
SAID HE HAD HIGH HOPES THAT THE CARTER ADMINISTRATION
WILL PROVIDE NEW LEADERSHIP TO THE SOLUTION OF NORTH-
SOUTH ISSUES. HE SAID THE US WAS THE KEY TO THE G-8
POSITION SINCE THE OTHER DC'S WILL EXCUSE THEMSELVES
FROM GOING ANY FURTHER THAN WE DO. HE STRESSED HIS
FAMILIAR THEME THAT THE LDC'S WILL NOT PAPER OVER
A CIEC FAILURE, AND WAS NOT DISPOSED TO ACCEPT JUST
GOOD INTENTIONS OR RHETORIC THIS TIME. REAL DECISIONS
AS TO DIRECTIONS TO BE TAKEN WERE NEEDED. HE WAS NOT
EXPLICIT CONCERNING WHAT WOULD BE REQUIRED IN ORDER
FOR THE CONFERENCE TO BE DECLARED A SUCCESS, BUT
COMMODITY PRICE STABILIZATION AND THE COMMON FUND RANK
VERY HIGH ON HIS LIST.

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3. DRAWING ON REF, I DESCRIBED OUR VIEW THAT
CIEC SHOULD BE CONCEIVED AS THE FOCAL POINT FOR A
BROAD OVERVIEW OF NORTH-SOUTH RELATIONS RATHER THAN
A NEGOTIATING FORUM FOR SPECIFIC SOLUTIONS. PG SAID HE
ACCEPTED THE IDEA THAT CIEC WILL NOT PROVIDE THE FINAL
ANSWERS, BUT HE BELIEVED CIEC MUST GIVE SPECIFIC DIRECTIONS

FOR THE SOLUTION TO THE PROBLEMS WHICH MEANS, HE SAID, IT MUST AGREE ON CERTAIN PRINCIPLES OR GENERAL GOALS. HE SAID HE REGARDED PAST PROGRESS IN RESOLVING NORTH-SOUTH ISSUES AS COMPLETELY INADEQUATE AND STATED THAT IF THE US AND OTHER DC'S DO NOT COOPERATE IN RESOLVING THE ISSUES THE LDC'S WILL BE FORCED TO TAKE ACTION BY THEMSELVES DESPITE THE MANY DISADVANTAGES OF SUCH A DECISION.

4. ON COMMODITIES, PG SAID THAT PROTECTION OF THE PURCHASING POWER OF COMMODITY EXPORTS DOES NOT IN THE LDC VIEW REPRESENT A TRANSFER OF RESOURCES FROM CONSUMERS TO PRODUCERS. ON THE CONTRARY, PROTECTING THE PURCHASING POWER OF COMMODITIES WOULD REPRESENT THE OBTENTION OF A "JUST" PRICE FOR COMMODITIES AND AVOIDANCE OF AN "UNJUST" OVERFLOW OF REAL RESOURCES FROM PRODUCER TO CONSUMER THRU UNFAIR TERMS OF TRADE. HE SAID THAT SECRETARY BLUMENTHAL'S COMMENTS TO THE SENATE THAT "DIRECT FOREIGN AID IS A SUPERIOR WAY OF TRANSFERRING RESOURCES THAN DEBT RELIEF OR ARTIFICIAL COMMODITY PRICES" WORRIED HIM. THIS IS A BASIC DIFFERENCE OF APPROACH WHICH IS A MATTER OF CONCERN. IF WE DON'T AGREE ON BASIC PHILOSOPHICAL ISSUES, PG ASKED RHETORICALLY, HOW WE CAN ARRIVE AT A MEETING OF THE MINDS AS TO WHAT "CONCRETE" ACTION SHOULD BE TAKEN IN CIEC.

5. AGAIN DRAWING ON BACKGROUND CABLE, I REFERRED TO PREVIOUS US STATEMENTS THAT A COMMON FUND TO FACILITATE

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INDIVIDUAL BUFFER STOCK ARRANGEMENTS, ASSUMING A NUMBER OF THESE COMMODITY AGREEMENTS COULD BE WORKED OUT, MIGHT MAKE SENSE. I NOTED THAT OUR APPROACH WAS ESSENTIALLY THAT WE PROCEED ON INDIVIDUAL COMMODITY ARRANGEMENTS FIRST SINCE THEY WOULD PROVIDE THE FRAMEWORK FOR CONSIDERING A COMMON FINANCING OR POOLING. HERE AGAIN PG NOTED WHAT MAY BE A BASIC DIFFERENCE. HE SAID THAT HE DID NOT SEE HOW INDIVIDUAL ARRANGEMENTS COULD BE AGREED UPON WITHOUT SOME ASSURANCE OF BUFFER STOCK FINANCING AND A COMMON FUND WAS ESSENTIAL TO THE LATTER. HE ALSO IMPLIED THAT A COMMON FUND WOULD HAVE A MANAGERIAL OR DIRECTIVE FUNCTION. HE SAID HE DID NOT WANT TO GO INTO DETAILS ON MECHANISMS, BUT HE BELIEVED THE IDEA OF A COMMON FUND WAS NECESARY TO FACILITATE THE CONCLUSION OF INDIVIDUAL ARRANGEMENTS, AND THE CIEC MUST BE PREPARED TO ACCEPT THE NEED FOR A COMON FUND IN PRINCIPLE AND PROVIDE DIRECTIONS FOR ITS ESTABLISHMENT OR CONSIDERATION.

6. COMMENT: THERE APPEAR TO BE BASIC CONCEPTUAL DIFFERENCES ON KEY ISSUES, I E DIFFERENCES IN HOW PURPOSES AND OBJECTIVES ARE CONCEIVED BY THE VARIOUS PARTIES. WHAT PG IS CLEARLY SAYING IS THAT IT IS DIFFICULT TO AGREE OR COMPROMISE ON PROGRAMMATIC AND INSTRUMENTAL ARRANGEMENTS WITHOUT AT LEAST SOME CLEAR UNDERSTANDING AND DEFINITION OF THE DIFFERENCES IN CONCEPTS WHICH THOSE PROGRAMMATIC ARRANGEMENTS ARE INTENDED TO REFLECT. I BELIEVE IT ESSENTIAL FOR SECRETARY COOPER AND PG TO HAVE AN EARLY CONSULTATION. PG THINKS VERY HIGHLY OF THE UNDERSECRETARY AND WOULD VERY MUCH LIKE TO MEET WITH HIM AGAIN. SINCE PG IS A KEY FIGURE IN CIEC AND IS RECEPTIVE TO SUCH CONSULTATIONS, AN EARLY MEETING MAY BE VERY USEFUL IN AVOIDING POSSIBLE LATER ACRIMONY AND MISUNDERSTANDINGS.
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NOTE BY OC/T: EXDIS CAPTION ADDED PER MR. STEINER, S/S-O.

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